CASE SUMMARY

COMPLAINT AGAINST THE WATER SUPPLIES DEPARTMENT (WSD) for overcharging and for the impudent attitude of the staff in handling the complaint

Mr B, the director of a social service centre, lodged a complaint against the WSD for erroneously overcharging the centre by deducting $2.3M. from its bank account through autopay transaction and for the irresponsible and impudent attitude of an officer in handling his complaint.

Usually the centre would receive a water bill two weeks before the settlement date, but on this occasion, it only received the bill after the autopay was effected. Hence, it did not have sufficient time to detect the error and stop this transaction.

According to Mr B, the case came to his attention in early September 1995 when he checked the monthly bank statement and discovered a huge debit for the water bill through an autopay transaction on 29 August 1995. He telephoned the WSD immediately and to his surprise, its staff appeared to be aware of the overcharge.

Eventually, the overpaid amount was refunded to the centre. However, the overcharge had resulted in a debit interest of $127.60 and a loss of deposit interest of $4,088. Mr B opined that the WSD should give the centre an explanation and compensate the latter for its financial losses. But the department neither admitted its mistakes nor agreed to compensate the centre. Instead, it had put the blame on the centre for failing to notice the huge debit. Mr B was further annoyed by the irresponsible and impudent attitude of a WSD officer who appeared to have made some inappropriate comments regarding the administration ability of the centre.

Based on the WSD’s admission, this complaint originated from an error in meter reading coupled with the errors made by its staff who failed to stop the erroneous autopay transaction from going through the process, resulting in

$2.3M. being debited from the centre’s bank account. In the circumstances, this Office concludes that the first complaint point is substantiated.

The WSD was prepared to reimburse the actual overdraft interest of $127.60 to the centre as it had caused the overcharging. However, it did not agree to pay the notional deposit interest of $4,088 claimed because the amount was charged from a current account which earned no interest anyway.

In a letter issued by the WSD on 15 December 1995, it stated, among other things, that ‘it is unbelievable in an organisation like yours with good financial control that an unrecorded withdrawal of such magnitude can occur without your immediate notice’. Mr B opined that it was the WSD rather than the centre that had caused the problem. As such, the WSD should not have made such comments as how his office was run was of no concern to the department.

The WSD maintained that the statement was meant to ascertain the responsibility on the part of the centre by raising the question of how the huge overdraft could have skipped its notice for over a week. The purpose was to minimise any possible compensation rather than to offend Mr B.

Mr B explained that the centre was not aware of the $2.3 M. debit because on that day it had an opening balance of over $3M. for meeting expenses to be incurred. If the account was overdrawn, the bank would alert his staff who would normally receive debit advice well in advance. In this case, the account was debited without receiving a water bill. The centre only learned of the debit from the bank in early September. Had the WSD not withheld the original bill, the centre would have had enough time to detect the error and stop its account from being debited. In this regard, this Office finds Mr B’s explanation not unreasonable.

This Office understands the need for the WSD to protect Government, but looking at the evidence impartially, the wordings in the said letter did leave much to be desired,

as in Mr B's view, the centre was first overcharged in its water bill and then had its financial control mechanism criticised.

On balance, this Office considers that the WSD could have been more tactful by avoiding using such challenging and presumptive wordings in the said letter. The WSD claimed that it had not meant to be arrogant, but the letter did give an impression that the centre should be held responsible for failing to notice the huge debit. On this basis, this Office concludes that the second complaint point is substantiated.

Overall speaking this complaint is **substantiated**.

The DWS is recommended to consider (a) sending Mr B a letter of apology regarding the letter issued on 15 December 1995; (b) whether it is necessary to review the auto-pay cancellation procedures; and (c) reminding staff who handle the water accounts should observe the proper procedures in making amendments to autopay accounts.

The DWS notes with regret that this Office concludes that the second complaint point is substantiated but he has accepted all three recommendations.

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